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UNCLAS E F T O SECTION 01 OF 02 LONDON 000848

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DEPARTMENT FOR AF/RSA, SCA/RA, AND IO/PSC

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TAGS: [PREL](#) [EAID](#) [MASS](#) [UNSC](#) [KPKO](#) [UK](#)
SUBJECT: UK PRESERVES CONFLICT PREVENTION FUNDING BY
REDUCING DEPARTMENTAL BUDGETS

REF: LONDON 266

Classified By: Political Minister Counselor Greg Berry, reasons 1.4 (b/d).

¶1. (SBU) Summary. To maintain levels of conflict prevention spending, the UK Government will make up short-falls created because of ballooning UN assessed costs and exchange rate losses by cutting Foreign Office (FCO), Department for International Development (DFID), and Ministry of Defense (MOD) departmental budgets and by reducing funding in non-priority areas, Foreign Secretary Miliband informed Parliament in a March 25 written statement. Miliband outlined spending for priority areas:

- South Asia and Afghanistan: GBP 61.3 million (USD 91.6 million) will allow the UK to sustain current levels of funding for Afghanistan, a large portion of which will go to stabilization programs in Helmand province. Programs will also continue on India/Pakistan issues, Pakistan/Afghanistan border issues, Sri Lanka, and Nepal.
- Africa: GBP 43 million (USD 64.5 million) will focus on peacekeeping and conflict prevention in Sudan, Somalia, and the DRC, representing a shift away from work in West and Southern Africa.
- Wider Europe: GBP 33 million (USD 49.5 million) will allow maintenance of UK contributions to UNFICYP, the UN peacekeeping operation in Cyprus, and means reduced spending on the EU and OSCE operations in the Balkans and the Caucasus.
- The Middle East: GBP 33 million (USD 49.5 million) will go to work in Iraq, Israel/Palestine, and Lebanon, with the majority going to Iraq. The UK will also continue support to the emerging conflict prevention program in Yemen.
- Thematic Programs: GBP 6.5 million (USD 9.8 million) will provide resources for Security Sector Reform (SSR) in priority countries and support for the United Nations' Rule of Law Unit, Department of Peacekeeping Operations, and Peacebuilding Support Office.
- Latin America: The UK has discontinued funding to conflict prevention programs in Latin America. End Summary.

¶2. (SBU) In order to maintain current conflict prevention spending and make up for an anticipated reduction caused by ballooning UN assessed costs and exchange rate losses, the UK Government has instructed the FCO, DFID, and MOD to collectively provide GBP 71 million (USD 106.5 million) from their departmental budgets and to reduce spending in non-priority areas. As reported reftel, HMT has a ceiling of GBP 374 million (USD 425 million) for UN-related costs, which

is a direct call on the Treasury's reserve. HMG anticipates UN assessed costs in the current fiscal year to cost GBP 456 million (USD 684 million). Normally the additional costs would be made up from the rest of the conflict prevention budget and would have reduced discretionary spending on conflict prevention to GBP 70 million (USD 105 million). With the GBP 71 million (USD 106.5 million) from departmental budgets, the UK will have GBP 171 million (USD 256.5 million) as discretionary funding to spend on conflict prevention, stabilization projects, and peacekeeping activities outside of the UN assessed costs.

13. (SBU) Miliband informed Parliament on March 25 prioritization of the conflict prevention funding would follow five themes:

- South Asia and Afghanistan: GBP 61.3 million (USD 91.6 million) will allow the UK to fully sustain current levels of conflict-related activity in Afghanistan, reflecting the "very high priority" the UK attaches to Afghanistan stabilization, a large proportion of which will go to programs in Helmand province. As South Asia is a "priority region," current levels of support will continue for work on India/Pakistan issues, Pakistan/Afghanistan border issues, Sri Lanka, and Nepal.

- Africa: GBP 43 million (USD 64.5 million) will focus on peacekeeping and conflict prevention in Sudan, Somalia, and the DRC, representing a shift away from work in West and Southern Africa with a few exceptions.

- Wider Europe: GBP 33 million (USD 49.5 million) will allow

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maintenance of UK contributions to UNFICYP, the UN peacekeeping operation in Cyprus, and means reduced spending on the EU and OSCE operations in the Balkans the Caucasus. The UK also plans to draw down its support to KFOR in Kosovo, following NATO's assessment that the UK contribution is no longer needed.

- The Middle East: GBP 33 million (USD 49.5 million) will go to programs in Iraq, Israel/Palestine, and Lebanon, with the majority going to Iraq. The UK will also continue support to the emerging conflict prevention program in Yemen.

- Thematic Programs: GBP 6.5 million (USD 9.8 million) will provide resources for Security Sector Reform (SSR) in priority countries and support for the United Nations' Rule of Law Unit, Department of Peacekeeping Operations, and Peacebuilding Support Office.

- Latin America: The UK has discontinued funding to conflict prevention programs in Latin America.

Comment

14. (SBU/NF) The UK Government's decision to tax its three primary international departments (FCO-DFID-MOD) should preserve its global reach in most areas of the world and should continue to serve our shared interests and goals, though a reduction in these key departments' budgets will have an impact - still unknown - on non-conflict prevention operations. The UK is likely to continue seeking ways to contain UN assessed costs, possibly through a more cost-based approach to UN-mandated activity, in order to protect its departmental budgets.

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